

U.S. BUSINESS OPPORTUNITY

RIO DE JANEIRO AIRPORTS AND HELIPORTS MODERNIZATION PROJECT

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Promoting U.S. Exports, Supporting U.S. Jobs

Agencies across the U.S. government are partnering to help U.S. companies connect with buyers worldwide. Through a variety of resources, federal agencies can provide U.S. firms with the information and tools they need to compete for foreign contracts. From trade advocacy and export promotion efforts to matchmaker services and promoting the availability of export credits, federal agencies can support U.S. companies in selling their goods and services to the 95% of the world's consumers, who are located outside of the United States, by helping to create opportunities and to level the playing field.

For more information on this project, possible financing options and export opportunities in Brazil, contact:

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Overview

The State of Rio de Janeiro is the second largest in Brazil in terms of economic output and third in terms of population. The capital city of Rio is the largest tourist destination in the country and, with a population of over 6.3 million, it suffers from some of the worst traffic congestion in Brazil. Additionally, Rio will be hosting the 2014 World Cup and 2016 Olympics Games.

These factors, coupled with recent oil discoveries and a surge in air passenger travel, have created the need to expand the state's underdeveloped aviation network.

Rio de Janeiro State Government, acting through its State Transport Secretariat (SETRANS) is responsible for the planning, coordination, supervision, control, and implementation of all transport projects in the state, including airport and heliport infrastructure.

In Brazil, the states independently develop their Statewide Airport Plans which are then approved by the federal Civil Aviation Secretariat (SAC).

SETRANS requested USTDA Technical Assistance funding to develop an airport plan as a means to attract economic development, particularly to areas that are less easily accessible. Night operations and improved communications at regional airports would have multiple developmental benefits, including increased access for passengers, and supporting perishable cargo service, medivac services, donor organ shipment programs, and forest fire safety. This Technical Assistance will also help to develop a funding strategy to modernize and expand the state's airport and heliport networks.

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Project Description

The Technical Assistance covers several critical areas for SETRANS:

- First, it will provide recommendations for modernizing existing airports in Rio de Janeiro state, focusing on investments needed in the near-term. This includes the development of traffic forecasts, evaluation of the latest technologies for navigation and communications systems, and determination of appropriate facilities to handle the growing domestic regional passenger traffic.
- Second, the Technical Assistance will address the need for new airport and heliport development in the state.
- Third, in addition to developing specifications for the recommended equipment needed at the existing airports, this Technical Assistance will develop traffic forecasts and conceptual plans for up to two new airports and up to four heliports in the state. The Technical Assistance also develops a fast-track implementation approach for the design and construction of two heliports in the metropolitan area, as well as prepares a Request for Proposal for implementation.

Specific objectives to be addressed during the Technical Assistance Program are as follows:

1. Carry out a Demand Analysis for Tourism and Business Regional Commercial Aviation Services (Airlines and Helicopter Services) over the next 20 years, including the demand associated with the rapidly expanding oil exploration and development.
2. Update the Airport and Heliport Statewide Plan and Program, including needed improvements (infrastructure and equipment), originally prepared in 2002, in order to modernize and expand commercial as well as general aviation facilities and add new airports and heliports to meet projected demand, in accordance with international norms and standards, particularly to incorporate three immediate priorities:
 - a. Needed improvements and priorities to develop Airport Night Operations at General Aviation Airports, in accordance with international and domestic (ANAC) safety norms and the Statewide Airport Plan policies
 - b. Other needed investments to upgrade existing facilities and develop needed new airports and heliports, and
 - c. Feasibility Analysis for two new heliports to serve:
 - i. Tourism and business needs
 - ii. Expanding off-shore oil exploration and development industry, one in the center of Rio de Janeiro, and another in Jacaraguá/Barra da Tijuca, including site evaluation and conceptual plans
3. Implementation approaches and specifications for two new heliports in the Rio Metropolitan Area and the navigation, communications, and lighting equipment at priority airports.

The intent is to develop a regional airport and heliport network with modern equipment and services that complements the INFRAERO Airports. The airports included in the Technical Assistance are mainly small regional and general airports which are important for local markets, but they are operated separately from the larger INFRAERO airports. The projects are all intended to generate economic development as well as support local business needs, including supporting the upcoming 2014 World Cup and 2016 Olympics and the ongoing offshore oil exploration and development programs in the State of Rio de Janeiro.

Status and Implementation

The Technical Assistance is just beginning and should be completed in mid-2013.

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Project Cost and Financing

The State of Rio de Janeiro has access to a number of sources of funding that could be used to finance the proposed airport and heliport program. First, the Statewide Air Transportation Program could access the R\$100 million PROFAA program of the Brazilian federal Government. In addition, the Federal Government has announced its intention to use some of the funds from the concession of the large INFRAERO airports for regional airport development through a new fund known as FNAC.

A third potential source is the State of Rio de Janeiro's own funds, which are budgeted every year for air transport infrastructure improvements and expansion. In 2011 that budget line was of R\$33.3 million.

A fourth source that could directly benefit U.S. exporters is the U.S. Export-Import Bank (Ex-Im) which recently signed a \$1 billion Preliminary Commitment with the State of Rio de Janeiro targeting infrastructure development. Ex-Im expressed great interest in supporting airport and heliport infrastructure in the State.

OPIC could also support US investors in case some of the proposed investments were executed as a Private Public Partnership, which will be specifically considered in the Technical Assistance for new heliports.

U.S. Competitiveness and Export Potential

The Technical Assistance Program to study needed investments at various Rio de Janeiro State Airports provides an opportunity to promote U.S. exports in the development of the priority projects.

The development of a statewide plan for airports and heliports is required by Brazilian legislation in order for the investments to secure the necessary operating licenses, as well as to be eligible for federal (PROFAA) funding. The scope of the proposed Rio de Janeiro State Airports and Heliports Technical Assistance Program is likely to result in the following investments that have the potential to generate U.S. exports:

- Airport lighting and other equipment for night operations estimated to be needed at four existing airports and two new airports: Angra dos Reis, Cabo Frio (taxiway expansion), Maricá, Resende, Vale de Aço (new airport already receiving PROFAA funding), and New Cantagalo Airport
- RESA at Angra dos Reis, navigation aids, Weather Observation Stations, Radio Communication and other Equipment at all airports listed above
- Fuel Distribution, Crash Fire Rescue and other vehicles at all airports listed above
- Heliport systems (seven planned, two of which will be in Rio Metropolitan Area)
- Heliport services and/or management contracts at two heliports
- Global Navigation Satellite System (GNSS) to control helicopter and small aircraft in the southern part of State to be located at Angra dos Reis

Based on the list of projects that have been selected to be the focus of the Technical Assistance Program as described above, estimates of export potential were prepared for each investment category. The following summarizes the estimate of U.S. export potential in each category:

- An estimated \$19.75 million could be sourced by U.S. exporters as a direct result of the projects to be implemented in the State of Rio de Janeiro, which will be supported by the USTDA Technical Assistance Program
- A significant part of export potential is related to the helicopter services contract. Most U.S. helicopter services companies involved in the U.S. Gulf of Mexico Coast oil development and exploration program are also involved in some manner in Brazil
- Heliports in Brazil must be operated by an airport operator meeting specific requirements. U.S. companies can provide technical support even where the main operator is a Brazilian company or a joint venture set up with a U.S. company as a Brazilian enterprise